

19 December 2008

Media release

Electricity Commission announces intention to decline NAaN proposal

The Electricity Commission has given notice that it intends to decline Transpower's proposal to upgrade the transmission grid from Auckland to Albany.

The \$480m North of Auckland and Northland (NAaN) project proposed a new 220kV cross-harbour cable between Penrose and Albany, and a 220kV cable between Pakuranga and Penrose.

The Commission has concluded that uncertainty over the proposed Genesis Energy power station at Rodney makes it inappropriate to approve the transmission proposal at this time. The cable between Penrose and Albany is not needed until 2016 and would only take up to four years to build, and it is likely to be known whether Rodney is going to proceed before then.

The Commission's function is to consider transmission investments against alternatives to ensure consumers are not asked to pay more than is necessary for the cost of transmission. Using the same approach it has approved nearly \$2 billion in transmission investment since 2004.

In this instance the Commission has concluded that several alternatives - including that of deferring the investment decision - have significant benefits compared to proceeding with the project as a whole at this time. Those benefits could save consumers between \$22m and \$100m.

Transpower has indicated that the more urgent portion of the proposal - the cable between Pakuranga and Penrose - is likely to proceed in any event. The Commission has found that this segment almost certainly meets the cost-benefit tests required to enable this portion of the proposal to proceed. However, the Commission has no authority to approve only part of a proposal.

The Commission is releasing significant documents explaining its intent to decline. If requested the Commission may hold a public conference on the proposal. If a conference is held, any interested party may make a submission. The Commission will consider any new information from submissions or conference before deciding whether to confirm its decision. The deadline to request a conference is 8 January 2009. If it is decided to hold a conference, the Commission will advise the date in January. Any conference is likely to be held in February.

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For more information:

Peter Thornbury

Senior Adviser Communications

+64 4 462 0617